Peer-to-Peer Governance in a for-profit organization

A profile of "Nothing Gmbh/AG" prepared by Kathrin Schmitz

Now What? Nothing!

This afternoon I had this inspiring two hours phone call with a staff of "Nothing". My mind is so full of ideas and I am wondering how to tell you the story of Nothing… Maybe you can just ask me some questions about what you are most interested in?[1]

You: OK, so what were the most interesting things the person said? Something you will remember?

Me: That they *started with salary transparency*, even before they introduced their new organizational structure – because salaries are a touchy topic which is always there and it just made sense to deal with it first! And how positively they see "tensions" – all staff are looking out for tensions as "gaps between our current system and a potentially better future version of it"[2], *tensions show you potential for growth*. What was also surprising for me was, that *they only elect people into four different roles*, for all other roles the person with the "lead link" function decides who in the team will take on which role – a process which has been working well so far. And yes, I remember vividly how excited the woman I interviewed sounded, when she talked about *how you can get better decisions and achieve results at a different level, when not individuals, but groups are contributing their collective capacity and creativity*. And how *motivating* it is to have *a lot more decision-making authority*!

You: Well, that sounds interesting, but I am getting a bit confused, I think it would help me to know more about the nature of Nothing´s work and its size.

Me: They are doing design and development for the web (websites, web applications, etc.), with a focus on user-friendly web interfaces. The organization´s purpose is to *CREATE PRODUCTS WHICH MATTER*. They want to contribute to "prototyping for a more human future". The organization was founded 19 years ago, currently it has 18 staff, who I will call "peers" in line with Nothing´s wording.

OK, how and when did they start to introduce a new governance system?

Me: The *founder and CEO of the organization* initiated the process, he introduced ideas from holacracy/sociocracy. He had the vision of a decentralized organization in which teams work independently and yet as a whole, just like organs in a body. An organization which values feedback, amplifies the collective ability of staff and allows the organization to react fast to changing markets.

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[1] Later I interviewed a second staff of Nothing, which complemented my impressions reflected in this case study.
[2] https://www.nothing.ch/en/research/peer-peer-alternative-traditional-organisational-forms

Before the introduction of the "peer-to-peer" (P2P)[3] governance system, the organization already had a flat hierarchy. The new processes were *introduced gradually*, they built it up slowly. At least a year before the signing of the new constitution, there was this *general spirit of "let´s do it"*. To move away from work you are doing because your boss told you so, to instead *take decisions yourself that make sense*. All staff discussed the current organizational structure, hierarchy, what people wanted on a one-day workshop, which was supported by a holacracy coach. There were 2-3 meetings with the CEO, the coach and two staff over the course of three months to discuss which elements were most important for Nothing and how to adapt them to the organization. In spring 2017, 1,5 years ago, the *staff signed a constitution (https://github.com/NothingInteractive/constitution/blob/master/constitution.md)*, prepared by two members, which describes their **P2P governance structure** in detail.

You: Wait a minute, isn´t it usually the CEO who signs the constitution?

Me: Yes, this is also how I understood it, but it was important for "Nothing" that the staff signed it and thereby *showed their commitment to the new way of cooperation and their willingness to try this together*. And they made the signing a big moment, because it was a big moment for them! They invited the peers to sign and left it open to every person to choose if they wanted to sign, what they did.

After the constitution was signed, they organized a governance meeting supported by the coach and formed circles and roles, which reflected the actual way people worked, their functions and tasks, rather than a visionary or idealized structure, which might not work. Since the introduction of P2P the *circles and roles have continuously evolved*. Currently, the *18 peers work in 9 circles*. Except from one person, all peers are *permanent staff*, most of them work part-time.

You: Wow, 18 staff in 9 circles!

Me: Yes, that means that *each peer is a member of several circles*. The person I first interviewed is in four circles, she has a 40% position, the second peer I talked to is in 7 circles and works 80% for Nothing and 20% for Peerdom (see below). *Every staff has several roles, there are 89 roles in total*.

You: So, which circles are there?

Me: The organigram gives you a good overview, I think. You can see seven circles in dark brown color with the names "Business", "Design", "Outreach", "Crew", "Support" etc. Each circle has its specific purpose and it includes several roles.
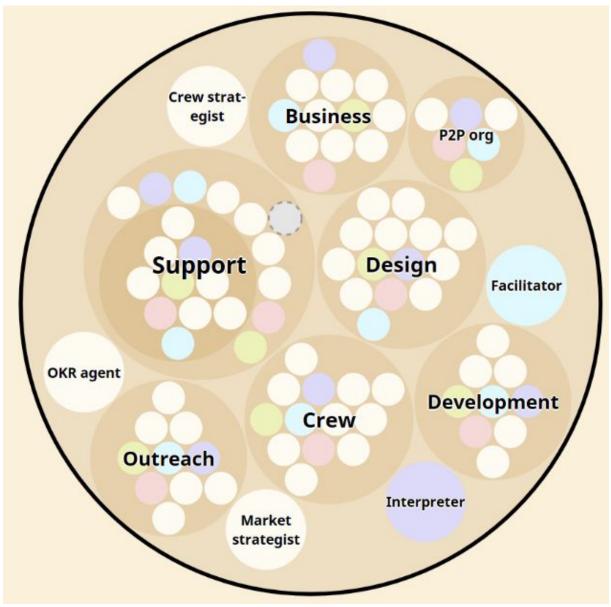
Let me give you an example: The Business Circle has 18 members and 12 roles – in addition to the guide, care taker, interpreter and facilitator (the typical 4 roles), there are 8 roles, most of them are held by

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[3] "Peer-to-Peer" is the name Nothing gave to its governance structure. One reason was that they wanted to distance themselves from holacracy as they took some parts of it, not all, and added some elements. The name also stresses that their governance structure is about peers, peers who designed this structure and work together.

This case study was written by Kathrin Schmitz as part of her contribution
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several people. The Business Creator role is executed by 6 staff, the Internal Product Advocate by 3 staff, the Client Happiness Agent by 2 staff, etc.

You: You have talked about 9 circles before, not 7?

Me: Yes, the "Administration Circle" is a sub-circle of the "Support Circle", you can see a dark circle within the "Support Circle".

And the *ninth circle symbolized by the thick black line around everything else is the "General Rocket Circle", which corresponds to a "General Circle"*. The five small circles in the visualization labelled "Facilitator", "Interpreter", "Crew strategist", "Market Strategist" and "Objectives and Key Results/OKR agent" are specific roles within the "General Rocket Circle". By the way, *the GRC does not have a guide*, the peers decided that this was not necessary and might create the misleading impression that there is still a kind of CEO role. There is no additional TOP circle in Nothing.

You: You have mentioned the term "roles" several times, could you tell me more about the types of roles in Nothing?

Me: Yes, *roles clarify who is responsible for what. Each role has a purpose/goals and includes a list of accountabilities/regular tasks.* Some roles have explicit "domains", i.e. areas in which the holder(s) of the role have the exclusive authority to make decisions. A person has full freedom and full accountability within the role, the system will provide feedback if necessary. As an example, let´s look at the "Business Creator" role in the Business Circle:

> **Purpose of the "Business Creator": "discover, outline and nail down new business opportunities".**
>
> **Related accountabilities of the role are:**
> Listening to new business opportunities
> Searching for prospective clients and partnerships
> Responding to offer requests (request for proposals)
> Creating estimates together with experts
> Discovering risks and chances of new opportunities
> Communicating and negotiating offers with clients
> Sharing sensed opportunities internally and updating the project status app

What is interesting is, that *Nothing has renamed three of the four typical circle roles*, so that their names carry more energy and capture the role´s main purpose:

Term used by sociocracy/holacracy	Name Nothing chose	The purpose of this role in Nothing
Leader/lead link	**Guide**	To guide the circle, in service of the circle, rather than to be the boss and lead. Nothing decided to elect people into this guide role.[4]
Delegate/ representative	**Care taker**	To take care and look out for the needs of the circle rather than only to represent the circle to the top
Facilitator	**Facilitator**	To facilitate the meetings
Secretary	**Interpreter**	To document things and to interpret the governance records

You: How do people get into roles?

Me: The *circle members elect people into the roles of guide, care taker, facilitator and interpreter.* The *other roles are assigned to circle members by the person holding the guide role.* It first sounded top down to me, but the idea is that the guide is in a good position to consider if the person holding a role is enabled to enact this role, if s/he is a good fit for the role. If positions are vacant, the guide asks a person s/he thinks would fit or asks for volunteers. This process which implies that the person assigned to a role can always object has worked smoothly. The perception of the two peers I interviewed was,

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[4] Usually in holacracy, the **lead link function** of the "more specific/child" circle is given to a member of this circle **by the lead link** of the "more general/parent" circle. Sociocracy, however, recommends that **the entire parent circle selects** a person of the child circle, and that this selection needs to get a consent from the child circle. Nothing follows the described sociocracy-process.

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that electing people into each of the various circle roles might overengineer things and be inefficient. And a guide who is doing random assignments and forcing people to do work would not be reelected.

You: And how do the circles cooperate with each other?

Me: The *circles are connected through "double-links", i.e. two persons*, a typical feature of sociocracy/ holacracy. The guide and the care taker of a "more specific/child circle" are members of the "more general/parent circle". The GRC has thus two members of each circle, i.e. two members of the "Business Circle", the "Outreach Circle", and so on, plus the five GRC-specific roles (see above).

You: It really sounds as if these people, I mean "peers", are working in a completely different way with each other. How do they like it?

Me: They are enthusiastic, they have seen a lot of positive changes. Let me list the most important advantages they have pointed out to me in the interview and two articles (see references below):

- *Greater flexibility, more learning:*

The P2P system, its circles and roles continuously evolve by processing feedback. Each staff is looking for areas of improvement: "Change does not happen top down but originates from our roles themselves". This has allowed the organization *to react faster, to navigate around obstacles, to experiment with what is "safe enough to try" and explore unforeseen opportunities*.

- *More clarity, more autonomy, more efficiency:*

The peers of Nothing take on roles, each one has several roles. *Roles make transparent and explicit - to the role holder and everybody else - who is allowed and expected to do what*.[5] Within these roles, the role holder acts independently without being limited by rigid rules or fixed lists of tasks. Power is distributed through roles. Consequently, *decisions are made faster, in the right place and at the right time.*

- *More purpose and ownership:*

The peers structure their work through defining a purpose/goals for each role, which creates more clarity around why they do the work they do. This promotes them to think beyond the actual tasks and make better decisions. *Awareness of the meaning of your work, authority in your area of work and more influence on how the overall organization is shaped boosts motivation and ownership, creates room for personal development in various technical fields and is deeply rewarding.*

- *More transparency:*

Information is easily accessible in the records of each circle, which are published on the circle´s wiki page. A recently introduced "Rocket Change Log" gives a quick overview of important changes affecting the overall organization, it is managed by the interpreter of the "General Rocket Circle". Each circle has a *chat channel for easy communication*, which is accessible to any staff. Last not

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[5] This aspect also implies that it is usually clearer who you can talk to if you want to create synergies with or have ideas for improvements in other areas of work – the ways are shorter, you do not need to approach a person through intermediaries.

least, the digital and always updated circle and role structure adds to the clarity of who is working on what and for which purpose.

- ● *More connection at a human level:*

One peer compared the new spirit with "a band in which everyone is a master of their instrument and contributes to the music". The peers are *aware of the unique skills each person brings* to the team. The realization that peers are speaking based on the responsibilities of their role when objecting to proposals can help to not take objections personal and to reduce tensions. There is *more trust in the commitment of others, more openness and appreciation among the peers*.

You: Sounds inspiring! What about challenges Nothing has faced?

Me: Yes, I learned about some aspects which were or are difficult and are being addressed. The circle "P2P Org" identifies tensions in the organizational design such as the ones mentioned below, seeks to enable all staff to participate in the system and constantly researches concrete ways of improving the organizational system. I interviewed two of the three staff which hold the "P2P coach" role in this circle:

- ● Particularly at the beginning, the peers of Nothing *created numerous roles*, and *some persons took on more roles than they could really fill*. By now, the peers have gathered more experience of how much time certain roles require and the question if a peer will take on an additional role is also part of the regular discussions with his/her personal "talent mentor".

- ● *Creating a role does not automatically mean that the work related to this role is done*: The doing needs to be as important as the discussion and documentation of what is done!

- ● The peers are seeking an *efficient balance* in view of *how many details, e.g. in view of a new role or process, are discussed, specified and agreed on in the group and how much room for decision making is left to the role holder*. The trend is to give more trust and authority to the role holder, to just define the purpose and see how the role holder achieves this purpose. If necessary, specific work descriptions can always be added later. This also reduces meeting time.

- ● One impression shared is that *more time is spent in meetings, particularly in the first months after the introduction of P2P*, when each circle met twice per month (usually the first 30 minutes were dedicated to governance and the second 30 minutes to operations).

The GRC still meets twice per month for one hour or less. The other circles schedule meetings on needs-basis, i.e. if there are tensions which need to be addressed by the circle, not just by some roles. *By now, the time spent in meetings has decreased*, the peer I talked to with a 40% position, who is a member of 4 circles, spends about 1 hour per week in meetings, the second peer with a 100% position, who is in 7 circles, about 30 min – 2 hours per week. In addition, there are the usual operational meetings of the project teams working on specific assignments.

Before the introduction of P2P there were no governance meetings, because "there was no governance to talk about really, nothing was explicit as it is now". Meeting time is decreasing and the perception is that the topics are worth the meeting time.

You: Is there anything the peers you have interviewed would recommend to organizations who are just starting to work with governance systems inspired by sociocracy/holacracy?

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Me: Yes, they said that organizations starting *should not try to start with an ideal system*, that it is not promising to try to do everything at once: *You can trust that the system will evolve, that you will learn from mistakes*. In addition, it is helpful if different people are involved in designing the system and it is *important that the system is not pushed onto staff*.

I also want to mention an additional aspect to be aware of, while I don´t think it is a challenge: *P2P requires more ownership, "willingness to participate" and proactive commitment* from each staff, the peers at Nothing have embraced and are appreciating the additional responsibility, power and trust:

> "It´s got these two sides of a coin: On the one hand I feel these kinds of systems give you much more autonomy and empower you to really bring in things that you see valuable (…), but on the other hand it also (…) means that people are willing to take on ownership of different parts. Like you don´t just have someone who is above you and you know ´Oh sure, if I no longer know what to do, they´ve got the plan, they know what to do.´ (…) You have to pull tasks and I think that´s great, but I think you are also asking for more from people and especially when someone joins it´s kind of – if they are used to (the) `OK, I give you a task and you execute it´-approach, then you first have to tell `No, that´s not how we do it, you can just make decision in our specific set-up. Obviously it makes sense to ask people for their opinion depending on how much knowledge you have on this specific subject or depending on how big the decision is, but just basically saying, you know, you don´t need to come and ask for permission for everything that you do.´"

You: How could I learn more about Nothing´s experience with their P2P governance system?

Nothing is so convinced of the success of their P2P system, that they want to *share their experiences and advice with other organizations*. Nothing has started the project *"Peerdom"* and developed *a set of digital tools*. They will *cooperate with external coaches to advise other organizations on working in a group of peers in a decentralized and value-based way, benefitting from the "Peerdom" tools*.

Nothing´s enthusiasm and passion for their new way of working are contagious, if you want to know more and/or get in touch with them, you can start with the following links:

➢ Two articles which peers of Nothing have written about their organizational system: https://www.nothing.ch/+en/research/peer-peer-alternative-traditional-organisational-forms and https://www.nothing.ch/en/research/working-collective-peers

➢ A presentation given by Bastiaan van Rooden (Nothing´s founder) about the reorganization: https://www.youtube.com/watch?v=KurYlNr-5xk

➢ Nothing´s circle/role visualization: https://nothing.peerdom.org/map – it maps out all the roles and accountabilities and is a key part of the organizational system

➢ Nothing´s constitution: https://github.com/NothingInteractive/constitution/blob/master/constitution.md

➢ Nothing´s homepage: https://www.nothing.ch/en

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